

Agency 095

Office of State Auditor**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2003-05 Expenditure Authority	283.4	1,522	44,050	45,572
Total Maintenance Level	283.4	1,472	45,523	46,995
Difference		(50)	1,473	1,423
Percent Change from Current Biennium	0.0%	(3.3)%	3.3%	3.1%
Performance Changes				
Middle Management Reduction	(3.1)	(12)	(323)	(335)
General Inflation		(2)	(84)	(86)
Subtotal	(3.1)	(14)	(407)	(421)
Total Proposed Budget	280.3	1,458	45,116	46,574
Difference	(3.1)	(64)	1,066	1,002
Percent Change from Current Biennium	(1.1)%	(4.2)%	2.4%	2.2%
Total Proposed Budget by Activity				
Administrative Activity	11.2		2,295	2,295
Audit of School Programs	7.6	1,432		1,432
Audits of Local Government	172.6		28,165	28,165
Audits of State Government	82.3		12,151	12,151
Investigating Improper Governmental Actions	4.0		694	694
Local Government Budgeting, Accounting and Reporting	5.7		957	957
System and Statistics				
Compensation Cost Adjustment		38	1,177	1,215
Middle Management Reduction	(3.1)	(12)	(323)	(335)
Total Proposed Budget	280.3	1,458	45,116	46,574

PERFORMANCE LEVEL CHANGE DESCRIPTIONS**Middle Management Reduction**

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

ACTIVITY DESCRIPTIONS**Administrative Activity**

This activity provides for the administration of the Office of the State Auditor.

Audit of School Programs

The School Programs audit team assesses school district compliance with legal criteria that must be met as a condition for receiving General Fund monies. There are 296 school districts subject to this audit effort. The team also assists the Special Education Safety Net Committee, works with staff of the Office of Superintendent of Public Instruction on audit resolution, and provides training for school district staff.

Audits of Local Government

The Office of the State Auditor independently audits local governments at least every three years, with the exception of self-insurance plans, which are audited on a two-year cycle. There are approximately 2,400 local government entities, including counties, cities, schools, ports, public utilities, hospital districts, and fire districts. Auditors use a risk-based approach which focuses on public resources most likely to be at risk of loss or misappropriation. Beyond examining the financial condition, accounting and reporting by local governments, the audits assess compliance with the Constitution, state laws, and local government ordinances. Any report disclosing malfeasance, misfeasance or nonfeasance in office on the part of local government officers or employees is referred to the county prosecuting attorney or federal government for recovery of funds and prosecution. Bond rating agencies rely on these audit reports in performing their assessments. (Municipal Revolving Account - Nonappropriated)

Audits of State Government

The office audits annually the basic financial statements prepared by the Office of Financial Management. This audit includes an examination of internal controls over public resources and compliance with the Constitution and federal and state laws and regulations. The audit meets legal requirements contained in the Congressional Single Audit Act. There are 168 state agencies, boards, and commissions subject to this audit effort, which uses a risk-based approach to focus on public resources at highest risk of loss or misappropriation. Audits of state agencies disclosing malfeasance, misfeasance or nonfeasance on the part of any public officer or employee are referred to the Office of the Attorney General or federal government for recovery of funds and prosecution. Bond rating agencies rely on state government audits in performing their assessments. (Auditing Services Revolving Account)

Investigating Improper Governmental Actions

The Office of the State Auditor administers the state employee whistleblower program which encourages state employees to disclose, to the extent not expressly prohibited by law, improper governmental actions. Improper governmental action means any action by an employee undertaken in the performance of the employee's official duties, which is a gross waste of public funds or resources or in violation of federal or state law or rule, if the violation is not merely technical or of a minimum nature, or of substantial and specific danger to the public health or safety. (Auditing Services Revolving Account)

Local Government Budgeting, Accounting and Reporting System and Statistics

The Office of the State Auditor, in collaboration with local governments, sets uniform accounting standards for local governments, allowing for consistent reporting of data, timely analysis, and greater public understanding. The office helps local governments meet these standards by providing technical assistance and training. Each year, the office works with local governments to update the Budgeting, Accounting, and Reporting Systems (BARS) for local governments. Annually, the office publishes a compilation of local government comparative statistics, a 10-year history of financial information for comparing entities and analyzing programs. Bond rating agencies often rely on the local government financial reporting system in performing their assessments. (Municipal Revolving Account-Nonappropriated)

Compensation Cost Adjustment

This item reflects proposed compensation and benefit cost adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount. These savings will be assigned to the appropriate activities after the budget is enacted.